The
BEACON SpotLight
A Study of Constitutional Issues by Topic

Issue 38: Final Thoughts on Paper Currency

Any fairly-thorough investigation into *The Legal Tender Cases* opinions of 1871 and 1884 should consider examining the Courts' intentional twisting of the June 28, 1834 Coinage Act, nominally in support of the justices' otherwise insupportable decisions, upholding paper currency as legal tender (even as paper was upheld as a legal tender only for the District Seat).

These two *Legal Tender Cases* opinions falsely implied that Congress in 1834—in regulating the value of coinage—unjustly deprived American creditors of their legal due, no different than legal tender paper currency opponents rightfully charged against the 1862 legal tender Act.

The primary position of the 1871 and 1884 opinions seemed to argue if members of Congress in 1834 could skewer creditors a little, then the members of Congress of 1862 could skewer creditors a lot.

Yet, in the very next breath, the 1871 Court also expressly admitted that with enactment of the 1834 Coinage Act, it:

> "would have been a bold man who had asserted that…the obligation of the contract was impaired or that private property was taken without compensation or without due process of law. No such assertion, so far as we know, was ever made."[1]

1. *The Legal Tender Cases,* 79 US 457 @ 552. 1871

The apparent duplicity of the Court one moment to the next—talking out of both sides of their mouths, at differing times in each of these two court cases—provides fair evidence that something slimy is going on under the radar, into which the reader must dig to parse out the truth.

Apologists' carefully-constructed lies routinely twist small bits of truth to cover their deception, to "help" ill-informed and misunderstanding Americans jump to false conclusions, without the Court ever coming out and giving overtly-false statements.

For example, the 1884 *Juilliard v. Greenman Legal Tender Cases* opinion minimally broached the topic, when the majority wrote:

> "So, under the power to coin money and to regulate its value, Congress may (as it did with regard to gold by the Act of June 28, 1834, c. 95, and with regard to silver by the Act of February 28, 1878, c. 20) issue coins of the same denominations as those already current by law, but of less intrinsic value than those by reason of containing a less weight of the precious metals, and thereby enable debtors to discharge their debts by the payment of coins of the less real value."[2]

2. *The Legal Tender Cases (Juilliard v. Greenman)*, 110 US 421 @ 449. 1884. The parenthetical comment within the quoted passage was found within the citation itself.

Two longer passages in the 1871 *Legal Tender Cases* opinion went even further.

The first passage said:

> "No one ever doubted that a debt of one thousand dollars, contracted before 1834, could be paid by one hundred eagles coined after that year, though they contained no more gold than ninety-four eagles such as were coined when the contract was made, and this, not because of the intrinsic value of the coin, but because of its legal value. The eagles coined after 1834 were not money until they were authorized by law, and had they been coined before, without a law fixing their legal value, they could no more have paid a debt than uncoined bullion, or cotton, or wheat."[3]

And, the second passage from the 1871 opinion went the greatest distance to disparage the 1834 Coinage Act, saying:

> "By the Act of June 28, 1834, a new regulation of the weight and value of gold coin was adopted, and about six percent was taken from the weight of each dollar. The effect of this was that all creditors were subjected to a corresponding loss. The debts then due became solvable with six percent less gold than was required to pay them before. The result was thus precisely what it is contended the legal tender acts worked. But was it ever imagined this was taking private property without compensation or without due process of law? Was the idea ever advanced that the new regulation of gold coin was against the spirit of the Fifth Amendment? And has anyone in good faith avowed his belief that even a law debasing the current coin by increasing the alloy would be taking private property? It might be impolitic and unjust, but could its constitutionality be doubted? Other statutes have from time to time reduced the quantity of silver in silver coin without any question of their constitutionality. It is said, however, now that the act of 1834 only brought the legal value of gold coin more nearly into correspondence with its actual value in the market or its relative value to silver. But we do not perceive that this varies the case or diminishes its force as an illustration. The creditor who had a thousand dollars due him on the 31st day of July, 1834 (the day before the act took effect), was entitled to a thousand dollars of coined gold of the weight and fineness of the then existing coinage. The day after, he was entitled only to a sum six percent less in weight and in market value, or to a smaller number of silver dollars. Yet he would have been a bold man who had asserted that because of this the obligation of the contract was impaired or that private property was taken without compensation or without due process of law. No such assertion, so far as we know, was ever made. Admit it was a hardship, but it is not every hardship that is unjust, much less that is unconstitutional; and certainly it would be an anomaly for us to hold an act of Congress invalid merely because we might think its provisions harsh and unjust."[4]

3. *The Legal Tender Cases*, 79 US 457 @ 548-549. 1871 (the lower cases of *Knox v. Lee, Parker v. Davis,* heard jointly).

Shame on the Courts for their duplicitous deceit, when a full and open comparison between the Coinage Acts and the paper currency Acts readily shows their vast differences, even if it takes a fair amount of intricate explanation to see through the Courts' infernal deception.

For instance, from the last-cited quote, concentrate on these words:

> "By the Act of June 28, 1834, a new regulation of the weight and value of gold coin was adopted, and about six percent was taken from the weight of each dollar. The effect of this was that all creditors were subjected to a corresponding loss. The debts then due became solvable with six percent less gold than was required to pay them before. The result was thus precisely what it is contended the legal tender acts worked."

First off, all legal "debts" that were due in 1834 were due in "money" or "dollars"—despite inferences and claims otherwise—they were never "required" to be paid in gold.

4. *Ibid.,* @ 551-552.

"Debts" payable in "money" or "dollars" necessarily and legally referenced silver dollars *or* gold eagles (which gold eagles were legally valued in dollars).

Silver was during this era a full legal tender for all debts—and it was the debtors who always had the discretion as to the choice of monetary metal to pay off their debts (gold clause contracts weren't a thing until decades later [until after the post-1862 paper currency shenanigans came into the picture]).

Since gold was never actually "required" to be paid for any dollar-denominated debts before, during, or for some time after 1834, no creditor was thus "subjected to a corresponding loss" by the 1834 Coinage Act. And, that cold, hard fact is why the Court admitted "No such assertion, so far as we know, was ever made."

It also needs to be expressly mentioned that any obligations that were not due in monetary "dollars" in 1834, but were instead payable in a specific number of grains of fine or standard gold, were not affected by the 1834 Coinage Act.[5]

Now, if a debtor *chose* to pay his debts in gold in early 1834, which was before the 1834 Coinage Act went into effect, then it is true that the debtor would have necessarily used 6.2626% more gold than if he had paid the same debt on or after July 31, 1834, when the June 28, 1834 Coinage Act went into effect.[6]

Debtors intuitively seek to pay in the cheapest-available lawful money that is payable for their debt, which in early 1834 was silver. But, that doesn't mean they must use the cheapest-available money; that they *couldn't* choose to pay in the higher-priced metal.

In other words, the Court's hypothetical example doesn't even fit within their required "cases and controversies" standard of Article III (realize courts are effectively prohibited from hearing overtly-moot cases or hypothetical controversies).

Assuredly, debtors before 1834 uniformly paid in silver (here, ignoring State-issued bank paper notes [which could be refused by creditors, since they weren't a legal tender, especially if the paper wasn't being fully discounted to its specie-equivalent market rate]).

Only after the effective date of the 1834 Act—when both metals were finally again valued legally at their market values—would debtors again routinely start paying creditors in gold or in silver, when both metals were finally valued at value-equivalent legal rates.

In the last-quoted passage above, the 1871 *Legal Tender Cases* Court claimed that the result of the 1834 Coinage Act "was thus precisely" the same as what opponents of the legal tender Acts later contended. Utter nonsense.

Only looking from the most general of perspectives could that statement have any truth attached to it; but, to the extent that it could be true, the mechanisms involved are yet necessarily completely different.

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5. See the last sentence of footnote 3 above, which acknowledges that gold coins at weights [and purities] different from "current" money are not legal tender money, in that condition, even as their dollar value may otherwise be ascertained.

Current money—current Coin—necessarily looks first to the weights and purities for valuation, referring to the current or then-operational Coinage Act, which had neither been repealed nor replaced. "Current coin" or "current money" is money that has not been made obsolete by new monetary standards.

So, any gold coin or gold bullion outside of then-current weights and fineness must have its purity ascertained so its pure-gold weight and value *may then be accurately calculated* (in strict proportion to weights and values of current coin).

Therefore—using the Court's example—a gold coin with 6% less weight than that of the 1792-era ten-dollar eagle would be valued not at $10.00, but $9.40, prior to July 31, 1834 (but afterward, was valued at $10.00).

Remember, the true legal tender value of any 1792-era coin was never determined by a stated value, but only actual weight of standard metal physically weighed at time it was being paid ("at values proportional to their respective weights," according to Section 16 of the 1792 Coinage Act).

6. This hypothetical story presupposes that the debtor could even find the scarce metal to pay before implementation of the 1834 Act (gold had long been undervalued at law at home, meaning much of it had been sold abroad during the decade before, where people could receive gold's true market rate. Thus, the American gold supply had fallen precipitously, such that little remained at home. Gold didn't enter into normal circulation at home unless and until the owners of gold were given gold's true market value).

The 1871 Court, in their list of four questions, first admitted that no known 1834-era creditor ever claimed that they were unjustly robbed by the 1834 regulation of gold coins. That, of course, was because the 1834 Coinage Act regulating monetary value didn't rob anyone.

So, why did the Court unreasonably attempt to equate the two incompatible Acts—the 1834 Coinage Act and the 1862 Legal Tender Act? The answer was so that the justices could falsely imply that since the 1834 Coinage Act wasn't unreasonable, then so too should the 1862 Act also not be unreasonable. But, since the two Acts were wholly dissimilar where they mattered, then the 1862 Act could still be, and was, unreasonable, which is why the Supreme Court resorted to such unseemly contortions.

Recall *The Beacon Spotlight* coverage of the 1792 Coinage Act, in Issue 29 (March, 2022), when Congress established the "dollar" as a coin of silver, of 416 grains, 1,485/1,664ths-fine (371.25 grains of pure silver) as our Standard of Value. Fractional silver coins were also struck, in proportional fractional weights, at proportional values.

Gold "eagles" were also struck, in the weight of 270 grains of gold 11/12ths-fine (247.5 grains of pure gold) and declared to be valued at ten "dollars" (and fractional gold coins, at proportional fractional values).

Recall also *The Beacon Spotlight* coverage of the 1834 Coinage Act, in Issue 30 (April, 2022), where members of Congress gave a new higher monetary valuation to the heavier older gold coins struck under the 1792 Coinage Act (94.8 cents/pennyweight [which amounted to $10.665, per full weight 1792-era gold eagle]).

The 1834 Act also reduced the weight of new gold coins, without changing their face value—the 1834 Act lightened the new 1834 eagle to be 258 grains of gold, in a coin of 232 grains of pure gold, also with a face value of $10.00.

Congress took these steps in 1834 to bring back into balance the fixed legal ratio between silver and gold, that had fallen out of sync with the world market rates, since their ratio legally set in 1792 changed over time. Congress set the 1792-era gold coins to their new market values\, as found in 1834, which was proper.

While the 1792 Coinage Act had fixed pure gold to be monetary equivalent in like-weights of pure silver to be 15 times more valuable, the 1834 Standard changed the ratio to 16:1.

Congress didn't actually need to strike new, lighter-weight gold coins at a rounded dollar values in the second step of the 1834 Act.

Of course, if the silver-to-gold ratio would likely remain stable for a sufficient period of time, then it would certainly be far more convenient for customers to spend gold coins with rounded dollar figures (i.e., $10 [instead of continuing to spend into circulation the heavier-weight older eagle coins, such as the 1792-era gold eagle worth $10.665 when of full weight]).

Recall that the 1792 Coinage Act, by Section 16, gave all coins of given purity a legal tender value only at their measured weight. Each government officer was required to weigh all coins made in payment at government offices, to determine an accurate legal value. Private shop owners were expected to do the same, but of course, weren't forced.

Only partially in 1834 (and fully, in 1837) did the art and science of striking coin finally advance far enough to start legally allowing coins to pass at their stated values (by *tale* [by *count* of coins, at their stated value {now more-accurately struck in precise weight and defined purity than ever before}]).

When Article I, Section 8, Clause 5 of the U.S. Constitution speaks to "regulating the Value" of coined money, this "regulation" primarily involves giving coins of gold or silver, struck at specific weights and defined purities, a specific legal monetary value, as found first in the 1792 Coinage Act.

In the 1792 Coinage Act, within their enumerated discretion, Congress established our monetary unit to be one "dollar," even as the Constitution itself does not specify the name of the monetary unit, nor does the Constitution even directly point to the metals Congress may directly use to strike our money.

That said, Article I, Section 10, Clause 1—which prohibits the States from coining money, emitting Bills of Credit, or making anything but gold and silver Coin a Tender in Payment of Debts—indirectly acknowledges that our legal tender coins struck by order of Congress would consist of gold and silver, that

the States could then make a legal tender within their borders. Copper was too impure to accurately refine at the time, so it wasn't ever made a legal tender, even as the cent and half-cent were given a monetary value of 1/100th and 1/200th of a dollar, respectively.

Note also that Article I, Section 9, Clause 1 uses the term "dollars" (as does the later-ratified Seventh Amendment), although this term here specifically points only to the Spanish milled dollar, which at the time was merely the most common market coin found in the United States (after which the U.S. dollar was modelled), without legal sanction in any State.

The 13 States—prior to 1792—each had their legal monetary units denominated in pounds, shillings and pence, in one of five standards of weights and purity, with each of the five standards referring to differing amounts of silver (needing exchange rates to trade between the separate monies of the separate colonies/States, even as the units involved all had the same names [creating vast confusion, if extreme care wasn't used to determine precise legal value]).

The idea that Congress could ever successfully fix the ratios of the various monetary metals for all time, so the coins wouldn't ever need later regulation (like what was done in 1834) was never expected, even if one could argue members gave it their best shot.[7]

Since Congress instituted a silver coin standard along with gold coin equivalency in the 1792 Coinage Act, then anytime market ratios later changed, meant that Congress should "regulate" the value of the gold coins and leave alone the silver coins (because the purpose for establishing a "standard" is to create a fixed reference for the comparison of all like things [so the primary or true standard shouldn't change]).

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7. *See,* for example, *The Bland-Allison Act* of February 28, 1878 ([20 Stat. 25] Chap. 20, Section 2), and the call of Congress for an international conference, of Latin American and European nations, to join the United States in adopting "a common ratio between gold and silver, for the purpose of establishing, internationally, the use of bi-metallic money, and securing fixity of relative value between those metals." Note that the 1878 Act also gave us the first silver certificates (the first gold certificates were established by the Act of March 3, 1862 [12 Stat. 709; Section 5]).

And, that is precisely what the 1834 Coinage Act did—it left alone the silver coins and "regulated" the weight and value of the gold coins, thus reestablishing the fixed ratio between the two monetary metals to their world market ratios.

The only real mistake made by Congress in 1834 was waiting so long to act, when gold and silver ratios began fluctuating in the 1820s. Indeed, a case could be made that by refusing to act sooner, the United States drifted towards a single-metal (silver coin) standard, since gold was undervalued at law, which drove it out of the marketplace and from our shores.

By refusing to act sooner, the law gave holders of silver an indirect subsidy, by artificially holding their silver holdings at too high of value, relative to gold, which had increased in value worldwide. It was proper for Congress by 1834 to remove the unintended prior subsidy, and hold both gold and silver at their true market rates.

But, by 1853, the tables turned and silver began to rise in value, effectively erasing the gains earlier made by gold, such that it was necessary to change the ratios once again. Recall the coverage in *The Beacon Spotlight*, Issue 31 (May, 2022).

Congress met very little market resistance in 1834, when members *increased* the dollar value of the old gold coins, and struck newer gold coins lighter in weight at their previous value, to value gold at law equal to its true market value.

However, in 1853, after silver had recently risen in value relative to gold, erasing gold's earlier gains, members would then need to look at *lowering* the value of the 1834 gold coins, and possibly strike new gold coins in 1853, essentially at old, 1792-era heavier weights.

This proposal would meet considerable market resistance, understandably.

Imagine, for example, the level of interest from depositors turning in raw gold or old gold coins, to the mint, that would have earlier been sufficient to make one hundred 1834 gold eagles, but after readjustment in 1853, would only return them ninety-four heavier 1853 eagles. This would have effectively turned $1,000 worth of 1834 gold into approximately $940 of 1853 gold.

Thus, Congress ultimately decided to take out some of the more-valuable silver in 1853, to again take out some of the weight of the metal which had risen in value, to bring the two monetary metals back into their true market relation.

But, the idea of always removing some of the metal which had recently risen in value wouldn't exactly be conducive to long-term interests of monetary stability.

Keeping the monetary unit (the dollar) stable within a bi-metallic monetary standard was proving to be difficult, at least when the primary monetary metal (silver) had been the one that had risen in value. And, the longer one waited to act, typically the bigger the needed change, unless or until market conditions reversed.

By 1853, when the primary metal rose in value, it became apparent that either the monetary unit (the dollar) would take a direct hit, or the primary metal (silver) would take a direct hit.

In 1853, Congress—intentionally or unintentionally—chose to maintain the unit, sacrificing the metal. Silver lost its luster as a monetary metal in 1853, just as it was coming back into its own, after its market rate had risen in value.

A fuller explanation is in order.

In 1792, the dollar of 371.25 grains of pure silver was instituted as the monetary "unit" as our Standard of Value—the unit for the measurement of value.

Just as the "inch," "foot" and "mile" were instituted as measures of distance; just as a "second," "minute" and "year" made measures of time; just as an "ounce," "pound" and "ton" were made units of weight or mass; and just as a "cup," "pint" and "gallon" were made measures of volume; the dollar and its fractions (the dime, cent and mill) were made *measures of value.*

It is proper that standards remain fixed, so that in the measure of all like things, measures remain constant. Choosing to arbitrarily change the fixed ratios between like-measures necessary destroys the standards and/or the unit.

Imagine removing volume from a pint, but not a quart or gallon—the relationships between the varying units would be destroyed, ending the standard's usefulness that had been conveniently divided into sized units.

In 1853, silver as a primary monetary metal was greatly diminished when Congress committed the original sin, monetarily speaking—making coins of a single metal no longer proportional in weight as their value would otherwise indicate.

Because in the end, Congress decided to leave alone the silver dollar coin (since it was 'the' primary unit in the standard of value [even as the new *gold* dollar—instituted in 1849—suddenly had effective claim to the monetary unit]), but remove some seven percent of silver from the fractional silver coins, while leaving them at their historic valuations (of fifty cents, twenty-five cents, ten cents, and the half-dime at five cents).

Now, *if* the (silver) dollar had also been lightened by an equivalent rate—taking proportional amounts *from all silver coins*—then silver (and gold) would have both been saved, although the dollar unit would have then taken the hit (no longer being 371.25 grains of pure silver [but approximately 345 grains]).

The bi-metallic monetary standard was proving over the long duration to be incompatible with a stable monetary unit, which showed the wisdom of Secretary of Finance (under the Articles of Confederation) Robert Morris, who argued for a single-metal money in 1782:

> "Arguments are unnecessary to shew [sic] that the Scale by which every thing is to be measured ought to be as fixed as the Nature of Things will permit of. Since therefore a Money Standard affixed to both the precious Metals will not give this certain Scale *it is better to make use of one only.*"[8]

Morris preferred silver, because:

> "Gold is more valuable than silver…but it is from that very circumstance the more exposed to fraudulent practices."[9]

But Secretary of the Treasury (under the Constitution) Alexander Hamilton wrote years later in favor of using both monetary metals, saying it was best:

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8. https://founders.archives.gov/documents/Jefferson/01-07-02-0151-0002. Italics added.
9. Ibid.

> “not to attach the unit exclusively to either of the metals; because this cannot be done effectually, without destroying the office and character of one of them as money, and reducing it to the situation of a mere merchandise…To annul the use of either of the metals, as money, is to abridge the quantity of circulating medium, and is liable to all the objections which arise from a comparison of the benefits of a full, with the evils of a scanty circulation.”[10]

While Hamilton admitted the problems inherent in a dual-metal money system—that [arbitrage] traders would “select that species which it values least, to pay to the other, where it is valued most” and that “dealers in money will…often find a profitable traffic in an exchange of the metals between the two countries,”—he went on to theorize that the loss of the quantity of the circulating medium with only one monetary metal:

> “would, *probably*, be a greater evil than occasional variations in the unit, from the fluctuations in the relative value of the metals; especially, if care be taken to regulate the proportion between them, with an eye to their average commercial value.”[11]

Hamilton admitted that a bi-metallic monetary standard would have some level of controllable “evil” due to “the fluctuations in the relative value of the metals.” Well, history proved that the Supreme Court in 1871 and 1884 specifically sought to exploit that minor evil, to justify an entirely-evil paper currency.

So, the 1871 and 1884 Supreme Court opinions used the minor and occasional evil that was inherent in a bi-metallic monetary system, to support an entirely evil non-metallic monetary system, that they had no direct power to uphold for the whole Union (as three earlier Supreme Court opinions had decided).

The Supreme Court therefore only upheld paper currency as legal tender for the District of Columbia, which is not a “State” that is expressly prohibited from coining money, emitting bills of credit, or making things a legal tender besides gold and silver coin.[12]

10. Alexander Hamilton’s January 28, 1791 report No. 24, on the establishment of a mint, https://archive.org/details/reportsofsecretaunit/page/138.

11. *Ibid.*, Italics added·

The stance never effectively tried by Congress, was having coins of only one metal with its related money of account (dollars, dimes [tenths], cents [hundredths] and mills [thousandths]). By the 1792 standard, this would have been silver.

Then, separately, for the secondary monetary metal (gold, by the 1792 standards), be given its monetary rate in the money of account, regulated or changed *as often as proved necessary*, making minor adjustments all along the way, while giving up on the idea of gold eagle coins ever having rounded dollar values, never seeking to fix the legal value of gold monetarily, in any lasting duration, or designating new weights for coins.

In other words, in 1853, Congress could have simply ordered the continued striking of gold eagles, half eagles and quarter eagles, and also the tenth-eagle coin (i.e., the 1849 gold dollar) and the double eagle (also of 1849), at their 1837 weights and purities, but independently gave them new current dollar values, changed as often as necessary, to keep gold coins currently valued.[13]

This alternate scenario would operate exactly like the portion of the 1834 monetary Act where Congress valued the 1792-era gold coins at 94.8 cents per pennyweight of 1792-standard gold (weighed with its alloy.)[14]

Under the 1792 Coinage Act, the rate per ounce of *pure* gold was equivalent to \$19.3939/ounce.[15]

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12. See Issue 35 of *The Beacon Spotlight* (September, 2022) for legal support of this claim.

13. Note, Congress may not delegate their enumerated power to “regulate the Value” of money over to executive agency bureaucrats, because this power is vested by the Constitution for the Union only with Congress.

But, that wouldn’t prevent Congress from charging the Department of the Treasury, for example, to do all the ground work and make all the necessary calculations, to come up with recommendations for Congress, who would make the final call.

14. In 1792, gold was struck in 11 parts fine gold and one part alloy (for 11/12ths gold and 1/12th alloy), which is 0.9166 pure (which is 22-carat gold [carats refer to 1/24th-parts, so 14-carat gold is 14/24ths fine and 24-carat gold is pure gold]).

The 1792 rate per ounce of standard gold was $17.77/ounce of *standard* gold (gold mixed with alloy).[16]

The new 1834 rate for old 1792-era gold was explicitly specified within the 1834 Act, as 94.8 cents per pennyweight ($0.948/pennyweight) of *standard* gold (in 0.9166-fineness). This is mathematically equivalent to $18.96 per ounce of 1792-*standard* gold, or $20.68 per ounce of *pure* gold.[17]

The 1834 rate for new 1834-era gold struck at 232 grains of pure gold per $10 weighing 258 grains total weight (0.899225 purity), was $20.68/ounce of pure gold.[18, 19]

The 1834 rate per ounce of standard gold was $18.60/ounce of gold coin, with its alloy.[20]

Finally, in 1837, Congress set the longest-running standard of American gold, in the ten-dollar gold eagle, at 232.2 grains of pure gold, in a coin weighing with alloy a total of 258 grains, which is 0.900 fineness, with fractional coins, at fractional weights. The value of pure gold was set in 1837 at its longest-running historic rate of $20.67 per ounce of pure gold.[21]

The 1837 rate per ounce of standard gold was $18.60/ounce of gold coin, with its alloy.[22]

The mathematical calculations provided in footnotes 15-23 prove the calculations herein stated, showing legal valuations of gold coin, under differing Coinage

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15.

Narrative Proof:

The 1792 gold eagle was monetarily valued at $10 and it contained 247.5 grains of pure gold, in a coin that weighed a total of 270 grains, with alloy.

247.5 grains pure gold X 1 ounce/480 grains equals 0.515625 ounces of pure gold per full-weight $10 eagle coin. Dividing the $10 value by 0.515625 ounces of pure gold equates with $19.3939/ounce of pure gold.

Simplified Proof:

247.5 fine gold/480 = 0.515625 ounces of pure gold per $10 eagle

$10.00/0.515625 ounces of pure gold = $19.3939/ounce of pure gold.

16. Proof:

270 grains standard gold/480 grains per ounce = 0.5625 ounces standard gold.

$10/0.5625 ounces of standard gold (total weight of coin) = $17.77/ounce of 1792-standard gold (i.e., gold at 0.9166-fineness).

17. Proof:

$0.948/pennyweight X 20 pennyweights/ounce = $18.96/ounce of standard gold (at 0.9166 fineness)

And

$18.96/0.9166 = $20.68/ounce of pure gold.

18. Proof:

232/480 = 0.4833 ounces of pure gold per 1834 eagle

$10/0.4833 ounces = $20.68/ounce of pure gold ($1.034/pennyweight of pure gold; or $0.043/grain of pure gold]).

19. Note that both the 1792-era gold coins AND of the 1834-era gold coins, were both valued at $20.68/ounce of *pure* gold, in 1834.

That equal value of pure gold in coins struck in differing standards of purity (and at different weights) is fully appropriate, as the monetary value of any gold coin was always determined strictly according to its pure-gold weight (so the price of pure gold in coins struck in any purity and weight must also necessarily be the same).

After all, coins of the same metal but differing purities and weights had differing monetary values only due to their differing weights of pure metal.

In other words, their primary differences dealt with differing amounts of alloy, which alloy adds no value to monetary coin (not even the silver component of the silver/copper alloy, added to the gold coins).

The 1792-era gold coins and 1834-era gold coins only had differing rates based upon their respective standards of purity, at total standard gold weight.

20. Proof:

258 grains standard gold/480 grains per ounce = 0.5375 ounces standard gold.

$10/0.5375 ounces of standard gold (total weight of coin) = $18.60/ounce of 1834-standard gold (i.e., gold at 0.899225-fineness).

21. Proof:

232.2 grains pure gold per eagle /480 grains per ounce = 0.48375 ounces of pure gold per eagle

$10/0.48375 = $20.67/ounce of pure gold.

Acts. By these calculations, one may see Congress used objective and proportional measures to determine legal monetary value. This is precisely why paper currency cannot be a legal tender in these United States of America, and also explain why copper wasn't even originally a tender (due to a yet-unadvanced art and science of striking copper coin, of determinable purity).

Although the purchasing power of coin would of course vary over time due to changes in supply, demand and market preferences, the objective values of coins of the same metal result from differing amounts of pure gold or pure silver. Thus, even if the listed calculations herein provided contained a mathematical error, the point is that the reader could prove the error and thus determine legal value by himself or herself.

If Congress had chosen a single-metal money, our monetary history would have been stable. In this case, the Supreme Court wouldn't have been able to point to the inherent theoretical injustice of the bi-metallic monetary system.

As it was, the Supreme Court justified their no-metal monetary system, by pointing to the inherent minor evils of a bi-metallic monetary system.

22. Proof:

258 pure gold per eagle /480 grains per ounce = 0.5375 ounces of pure gold per eagle

$10/0.5375 ounces of standard gold (total weight of coin) = $18.60/ounce of 1834-standard gold (i.e., gold at 0.900-fineness).

Note that the 1837 rate for 1837-standard gold was the same price per ounce for standard gold of the 1834 standard of the 1834 new gold coins, even as the 1837 weight had 0.2 grains more gold per eagle, which changed the purity standard of 1834 of 0.899225 to 0.900 in 1837.

This was within the allowed tolerances set for gold under the 1834 Act (the 1837 Act had lower upper weight and tighter purity tolerances and an upper lower weight than allowed in 1834, while bumping up the ideal target ever so slightly (see Monetary Laws of the United States, Volume I, Page 151, Matt Erickson, 2012 at www.PatriotCorps.org for full proof of this statement). Since the change was made within the allowable tolerances of 1834 gold (as the purity and weight of gold coins became stricter than ever before), no violation of any monetary principles here occurred.

The greatest difficulty in adopting this single-metal monetary system would have meant mathematical calculation anytime coins of the secondary monetary metal were used, like the full-weight 1792-era coins being valued at 94.8 cents/pennyweight in 1834. But this alternative would have best maintained honest money as our Standard of Value, in the measure of all things of value.

If Congress in 1853 wished to uphold a bi-metallic monetary standard, then Congress erred in their approach. If they sought to move towards a single-metal (gold-) standard, then their 1853 actions took the first steps, as silver was effectively sabotaged, just as it was again coming into its own.

In 1853, Congress effectively chose a single monetary metal—gold—over silver, whether intentional or not. Silver took even greater hits in the 1860s as the Comstock Lode in Nevada brought large increases in available silver, causing silver prices to fall precipitously.

In 1873 the venerable silver dollar stopped being coined altogether, although it was resurrected in 1878. In 1900, the United States officially went on the full gold coin standard, as the gold dollar of 25.8 grains of gold nine-tenths was officially made the Standard Unit of Value (23.22 grains of pure gold).[23]

As Article I, Section 10, Clause 1 of the U.S. Constitution readily acknowledges—with its words "No State shall…make any Thing but gold and silver Coin a Tender *in Payment of Debts*"—legal tender status really only comes into play once credit is extended. "Legal tender" determines the forms of money that may legally pay down or off debts (absent express mention of the form of money required for repayment in a contract).

23. Section 1 of the March 14, 1900 Act (31 Stat. 45) declared:

> "That the dollar consisting of twenty-five and eight-tenths grains of gold nine-tenths fine, as established by section thirty-five hundred and eleven of the Revised Statutes of the United States, shall be the standard unit of value."

The 1900 standard continued the purity standard original implemented in 1837 ($10 eagle of 232.2 grains pure gold, in a coin weighing, with alloy, 258 grains [of .900-fine gold]).

All simple purchases/sales where payment is made and concluded at the time of purchase, between a willing buyer and willing seller, various forms of payment—including barter—are negotiated and paid immediately, so legal tender doesn't enter into the simplified equation.

Thorough contracts name the form of money authorized for repayment. And, after *The Legal Tender Cases* rulings of 1871 and 1884, gold clauses became very, very popular.[24]

Of course, this freedom of private contract greatly restricted public tyrants from becoming all that they could be.

Thus, witness the 1933 Presidential war on gold (see Issue 27 of *The Beacon Spotlight* [January, 2022).

80 and 90 years after enactment of the Coinage Act of April 2, 1792, the justices of the U.S. Supreme Court immorally brought up the inherent injustices of our bi-metallic monetary standard, to support an insupportable nonmetallic monetary system.

Of course, they could only uphold paper currency as a legal tender only under the wording "in all Cases whatsoever" found in Article I, Section 8, Clause 17, of the U.S. Constitution, for the District of Columbia.

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24. Note that *The Bland-Allison Act* of February 28, 1878 (20 Stat. 25, Section 1) specifically provided that (italics added):

> "silver dollars of the weight of four hundred and twelve and a half grains Troy of standard silver, as provided in the act of January eighteenth, eighteen hundred thirty-seven…shall be a legal tender, at their nominal value, for all debts and dues public and private, *except where otherwise expressly stipulated in the contract.*"

This passage explicitly acknowledged the use of gold clauses which became very popular after *The Legal Tender Cases* rulings of 1871 and 1884. This statement acknowledged that individual contracts overrode the stated legal tender nature of silver dollars, anytime executed contracts required (re-) payment in gold.

It was certainly not in error that Courts should examine the bi-metallic monetary standard and point out its inherent inconsistencies, so such examination could have helped correct monetary imbalance.

However, for the Courts to point out the inconsistency of using two different metals (gold and silver) in a single monetary standard (dollars) only to support extending legal tender status to paper currency, which can in no sense form a standard (except on exclusive legislation properties) is without form, even as it is not without precedent, as scandalous paper tyrants seek to extend their false rule in order to feather their own nests.

For further discussion on money, such as the Federal Reserve System and also the corresponding congressional war on gold in 1933 and 1934, please see *Monetary Laws of the United States.*

Volume I contains the narrative discussion while Volume II contains the texts of America's monetary laws. (2012— www.PatriotCorps.org).

This concludes *The Beacon Spotlight's* look at money.